

## Message Text

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ACTION AF-18

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TO SECSTATE WASHDC 2802

INFO USINT ALGIERS

AMEMBASSY BRUSSELS

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E.O. 11652: N/A

TAGS: ECON, TS

SUBJ: NATIONAL ASSEMBLY ADOPTS FOUR-YEAR PLAN

1. SUMMARY. ON JULY 31, NATIONAL ASSEMBLY UNANIMOUSLY ADOPTED NEW FOUR-YEAR PLAN AFTER LESS THAN TWO DAYS OF DEBATE. PLAN, WHICH TOOK 18 MONTHS TO PREPARE AND WAS SUBMITTED TO ASSEMBLY LESS THAN ONE MONTH AGO, CALLS FOR 1.2 BILLION DINARS OF INVESTMENT IN NEXT FOUR YEARS AND OVERALL AVERAGE GROWTH OF 8.8 PERCENT PER YEAR. BOTH FIGURES PRIVATELY REGARDED AS UNREALISTIC BY PLANNERS BUT THEY ARE VIEWED AS GOALS TO WORK TOWARD. PM NOUIRA PRESENTED LENGTHY INTRODUCTION TO PLAN JULY 27 WHICH ALSO ADOPTED AS INTEGRAL PREAMBLE TO PLAN. NOUIRA SPEECH, WHICH MINNATECON AYARI CLAIMS LARGE CREDIT FOR DRAFTING, IS LOFTY STATEMENT OF IDEOLOGY FOR NEW TUNISIAN STATE BASED ON STABLE POLITICAL ENTITY TIED TO RENEWED AND DYNAMIC PARTY WITH NEW CREATIVE IDENTITY (COMMENT: LATTER NOT YET IN EVIDENCE HERE). SPEECH MADE ONLY BRIEF REFERENCE TO CURRENT PLAN AND LARGELY CONCERNED WITH CREATING SYSTEM IN WHICH PLAN WOULD BE LIMITED OFFICIAL USE

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MAIN TOOL OF GOT FOR ASSURING "ECONOMIC SECURITY."

DEPUTIES, ASIDE FROM COMPLAINING ABOUT LACK OF TIME TO REVIEW PLAN, MADE ONLY MILD CRITICISM OF CURRENT OPTIONS AND GAVE FULL PRAISE TO NOUIRA SPEECH WHICH MAY BE MOST IMPORTANT ONE HE HAS MADE SINCE NOVEMBER 1970. IF AYARI HAD LARGE HAND IN SPEECH, AS WOULD APPEAR, THIS WOULD BE ANOTHER NOUIRA SLAP AT MINPAN MOALLA WHO IS ARCH RIVAL OF AYARI AND MORE INTERVENTIONIST THAN EITHER AYARI OR NOUIRA. END SUMMARY.

2. TUNISIA'S FOURTH FOUR-YEAR PLAN WHICH WAS APPROVED BY COUNCIL OF MINISTERS ON JULY 4, SOME 18 MONTHS AFTER DRAFTING BEGAN, AND APPROVED BY PRESIDENT BOURGUIBA AND NATIONAL PLANNING COUNCIL ON JULY 23, WAS FORMALLY PRESENTED TO NATIONAL ASSEMBLY ON JULY 27 IN MAJOR SPEECH BY PM NOUIRA. SPEECH WAS ADOPTED BY ASSEMBLY AS INTEGRAL PREAMBLE TO PLAN. IN HIGHLY POLITICAL SPEECH, NOUIRA ATTEMPTED DEFINE IDEOLOGY OF NEW TUNISIAN STATE BOTH FROM POLITICAL AND ECONOMIC STANDPOINT. SPEECH OBVIOUSLY DESIGNED TO GIVE IDEOLOGICAL CAST TO NOUIRA POLICIES APPLIED SINCE NOVEMBER 1970 FOR FUTURE USE IN SAME FASHION AS 1964 PARTY CONGRESS IN BIZERTE DID FOR BEN SALAH POLICIES OF PREVIOUS DECADE.

3. MINNATECON CHEDLI AYARI TOLD US HE HAD LARGE HAND IN DRAFTING SPEECH AND HE INTERESTED IN HAVING U.S. REACTION TO CONTENT. (FBIS MAY HAVE ENGLISH TEXT OF SPEECH -- OR EXCERPTS FROM IT. SPEECH PUBLISHED IN TWO PARTS IN LOCAL PRESS JULY 28 AND 29.)

4. HIGHLIGHTS OF SPEECH APPEAR TO US TO BE FOLLOWING:  
A. MODERN STATE IS BASED ON THREE DIMENSIONS--POLITICAL, ECONOMIC AND SOCIAL- ALL OF WHICH IN MOVEMENT. WHEN MOVEMENT IS BLOCKED IN ANY DIMENSION, DEVELOPMENT BECOMES UNEVEN AND DISORGANIZED AND IT IS ROLE OF STATE TO KEEP THREE SECTORS MORING IN REGULATED FASHION. TO ACCOMPLISH THIS, MODERN STATE NEEDS NEW IDEOLOGY COMPOSED OF TWO PARTS (1) NEW POLICIAL STATE AND (2) NEW ECONOMIC STATE.  
B. NEW POLITICIAL STATE MUST BE STABLE, MUST LIVE IN SYMBIOSIS WITH PARTY, AND STATE MUST DEVELOP SOCIAL CONTRACT WITH PRODUCTION FORCES (LABOR AND ENTREPRENEURS).  
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PARTY'S RELATIONS WITH STATE AND EVENTUAL STABILITY OF LATTER REQUIRE RENEWAL OF PARTY VIS-A-VIS YOUTH AND OTHER KEY SECTORS OF POPULATION. CHOICE OF LEADERS IS ALL IMPORTANT AND RESULTS FROM PROVEN SERVICE TO PARTY AND STATE. HOWEVER, PRINCIPLE OF ELECTION IS IMPORTANT TO RETAIN FOR TOP LEADERS. SOCIAL CONTRACT HAS ALREADY BEGUN TO BE DEVELOPED IN TUNISIA WITH MODEL COLLECTIVE AGREEMENT BETWEEN LABOR AND PRIVATE MANAGEMENT. HOWEVER,

ADOPTION OF FUNDAMENTAL LAWS FOR VARIOUS PRODUCTION SECTORS (LOIS CADRES) AND EXTENSION OF COLLECTIVE AGREEMENTS TO OTHER SECTORS, EG. AGRICULTURE, ALSO NECESSARY TO ASSURE FULL HARMONY OF PRODUCTION FORCES UNDER NEW SOCIAL CONTRACT.

C. NEW ECONOMIC STATE MUST COMBINE DUAL FUNCTIONS OF MANAGEMENT AND PLANNING. PAST DECADE LARGELY CONCERNED WITH ESTABLISHING STRUCTURES OF PRODUCTION AND DEVOTED LITTLE ATTENTION TO ADMINISTRATIVE REFORM. MORE ATTENTION MUST BE PAID TO EFFICIENCY OF ORGANIZATION AND ADMINISTRATION IF DEVELOPMENT IS TO CONTINUE. THIS REQUIRES PROPER ALLOCATION OF RESPONSIBILITIES, DECENTRALIZATION WHERE NECESSARY WITH VIABILIZATION AT ALL ADMINISTRATIVE LEVELS AND PROPER DEFINITION OF PUBLIC SERVICE TO ASSURE ECONOMIC SECURITY OF NATION, I.E. STATE ONLY INTERVENES IN ECONOMY WHEN THIS SECURITY IS IN QUESTION OR THREATENED. NEVERTHELESS, STATE MUST BE PREPARED TO GET INVOLVED EVEN AS PRODUCER WHEN THIS ONLY SOLUTION TO PROBLEM. MANAGEMENT OF PUBLIC ENTERPRISES OCCUPIES LARGE PORTION OF NEW ECONOMIC IDEOLOGY. CURRENT PLAN COULD CALL FOR CREATION OF ADDITIONAL ENTITIES FOR PUBLIC INTERVENTION INCLUDING SEMI-PUBLIC ENTERPRISES. DANGER IS THAT AUTONOMOUS PUBLIC ENTERPRISES COULD DILUTE THE CONTROL OF STATE OVER ECONOMIC SECURITY AND LEAD TO REAL DISMEMBERMENT OF STATE. RELATIONS BETWEEN STATE AND PUBLIC ENTERPRISES LARGELY DETERMINED BY CONTROL FORMER EXERCISES OVER LATTER AND FORMS OF CONTROL ARE IN NEED OF REVISION. IN THIS CONNECTION, NOUIRA PROPOSES SEPARATION OF ROLE OF PRESIDENT FROM THAT OF DIRECTOR GENERAL OF PUBLIC ENTERPRISES WITHOUT EXPLAINING HOW THIS WILL BE ACCOMPLISHED. AT PRESENT, TWO FUNCTIONS COMBINED.

5. IN DEBATE, MOST DEPUTIES PRAISED NOUIRA SPEECH BUT NOTED SOME CRITICISM OF PLAN, PARTICULARLY LOW PRIORITY LIMITED OFFICIAL USE

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OF AGRICULTURE (LESS THAN 15 PERCENT OF INVESTMENT, I.E. SAME AS IN 1969-72 PERIOD), AND FACT THAT ITS SHARE OF GDP EXPECTED DECLINE. MINPLAN MOALLA IN ANSWERING QUESTIONS RAISED BY DEPUTIES PUT EMPHASIS ON FACT THAT POPULATION INCREASE AND NEED TO CREATE 120,000 JOBS IN NEXT FOUR YEARS WERE LIMITING FACTORS ON PLAN OPTIONS HENCE EMPHASIS ON INDUSTRY AND SERVICE SECTORS FOR INVESTMENT. HE SAID FOREIGN INVESTMENT (PUBLIC AND PRIVATE) WILL ACCOUNT FOR 20 PERCENT (I.E. 240 MILLION DINARS) OF TOTAL INVESTMENT AS OPPOSED TO 40 PERCENT IN PREVIOUS DECADE. (NAT. ASSEMBLY REPORT STATES 24 PERCENT OF INVESTMENT WILL BE FOREIGN.) FOREIGN DEBT NOT EXPECTED TO EXCEED 50 PERCENT OF GDP AND DEBT SERVICE RATIO TO REMAIN UNDER 20 PERCENT. SOURCE CLOSE TO MOALLA TOLD EMBOFF ON JULY 3 THAT MOALLA TOLD COUNCIL OF MINISTERS BE AWARE GOT CANNOT

ASSEMBLY 1.2 BILLION DINARS FOR INVESTMENT IN NEXT FOUR YEARS AND PLAN SHOULD BE WRITTEN FOR 1 BILLION DINARS BUT TO DO SO WOULD TAKE TWO MORE MONTHS OF WEEDING OUR PROJECTS. HENCE, PLAN WAS ADOPTED AS IS AND WEEDING OUT WILL FOLLOW.

6. COMMENT. EMBASSY WILL RESERVE FURTHER JUDGMENT ON SECTORIAL ASPECTS OF PLAN UNTIL FULL DOCUMENTATION AVAILABLE FOR STUDY. AT PRESENT, APPEARS PLAN IS COLLECTION OF PROJECTS AND SET OF GOALS TO BE OBTAINED BY CARRYING OUT THESE PROJECTS. SOMETHING MAY BE MISSING IN BETWEEN THESE. FOR EXAMPLE, WHERE WILL RESOURCES COME FROM TO COMPLETE PROJECTS? NOUIRA CUM AYARI IDEOLOGY SHOWS DIFFICULTIES LIBERAL ECONOMISTS HAVE IN TRYING TO COPE WITH SEMI- SOCIALIST SYSTEM. NOUIRA HAS BEEN UNDER CRITICISM FOR BEING TOO FAVORABLE TO FREE ENTERPRISE. HIS SPEECH APPEARS TO BE ATTEMPT TO REFUTE CRITICS AND CONSTRUCT IDEOLOGICAL BRIDGE BETWEEN FREE ENTERPRISE AND DESTOURIAN SOCIALISM. MAIN WEAKNESS OF IDEALOGY HERE MAY BE RELIANCE ON PARTY AS DYNAMIC INNOVATOR AND CREATOR OF INITIATIVE. THIS HAS NOT BEEN EVIDENT HERE IN SOME TIME.  
SEELYE

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